

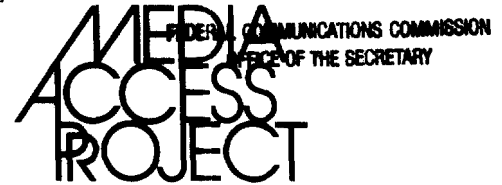
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NOV 20 1997

November 20, 1997



Magalie Roman-Salas
Secretary
Federal Communications Commission
1919 M Street, NW
Room 222
Washington, DC 20554

Re: Notice of *Ex Parte* Presentation in MM Docket No. 93-25

Dear Ms. Salas:

On November 10, 1997, I sent an e-mail, the text of which is attached, to Deputy International Bureau Chief Rosalee Chiara, Associate Bureau Chief Mindy Ginsburg, Attorney-Advisor Brian Carter and Ari Fitzgerald, Legal Advisor to Chairman William Kennard.

The e-mail discusses an issue raised in the above-referenced docket, *i.e.*, what constitutes the "direct costs" to a DBS provider of providing channel capacity for "noncommercial, educational and informational" programming pursuant to Section 25(b) of the 1992 Cable Act.

An original and three copies of this letter are being filed with your office today.

Sincerely,

Gigi B. Sohn
Executive Director

cc. Ari Fitzgerald
Rosalee Chiara
Mindy Ginsburg
Brian Carter

Ari Fitzgerald, Bri, 06:51 PM 11/10/97, Rates for Transmission to Sate

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NOV 20 1997

To: Ari Fitzgerald, Brian Carter, Mindy Ginsburg, Rosalee Chiara
From: "Gigi B. Sohn" <gsohnnnn@counsel.com>
Subject: Rates for Transmission to Satellites
Cc:
Bcc:

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Hi folks -

This is an e-mail that my distance learning client (A*DEC) sent to me re: direct costs of providing the noncommercial capacity. I will press him for a more specific breakdown of the costs, preferably in the form of a memo or a declaration from one of the engineers he works with.

I am meeting with Andy and Chuck tomorrow to try and iron out the details on the 501(c)(3) idea. As you know, Echostar plans to form just such a corporation, and we are on board with their very well thought-out strategy. (We are not 100% in agreement on the cost issue, although their plan to subsidize poorer producers by charging wealthier ones a higher rate is not a bad idea). They clearly see Sec. 25 as an opportunity, and feel that anything the industry does as a whole would be inferior to their plan. Unfortunately, Karen does not want me to share that information with SBCA (although she told me that it was fine for me to mention their plan with you).

I will keep you updated. Please let me know how I can otherwise assist you.

Gigi

>To: Gigi Sohn <gsohnnnn@counsel.com>
>From: Jeff Poley <ADEC003@UNLVM.UNL.EDU>
>Subject: Rates for Transmission to Satellites

>

>

>Gigi:

>

>Just returned from Atlanta and thought I'd get back to you about costs for
>transmitting programming to satellites.

>

>I have had conversations with a number of engineers in our system who
>manage satellite uplinks. A standard rule of thumb for estimating charges
>for analog uplinks is \$75-100 per hour. This charge includes salaries and
>benefits paid to staff including engineers, amortization of transmitting
>equipment, electricity, rent and other attributable direct charges. These
>charges are normally based upon a broadcast day of about 18 hours. The
>cost of transmitting to a digital transponder would be about the same...but
>the unit cost of transmitting to each of the multiple channels on the
>transponder would be less.

>

>The Devil is in the details here. Obviously, the cost of the satellite is
>not considered in the above costs. All satellites require management (ie)
>something like "flying" the satellite. These management costs will vary
>depending on the complexity of use. For example, costs are higher for
>managing a satellite which receives programming from a number of different
>uplink sites as compared to a satellite which receives all transmissions
>from a single location such as a DBS headend. A Satellite Operations Center
>has to hire staff to constantly monitor the satellite and to communicate
>with it. Again, the unit cost per channel is reduced as the number of
>channels increases. The satellite itself really doesn't care how many
>channels are on board. Its like the pilot doesn't care how many passengers
>are on the plane he's flying.

>

>The DBS providers are going to say that they would break even at about
>\$1500-2000 per hour per channel...but this is the total cost of running the
>DBS operation including the cost of the potted plants and oriental carpets
>in the Chairman's office and a reasonable profit. I would suggest that all
>they have to do is itemize the line items of charges that they are claiming
>to see if the charges match with the intent of Congress. Exceeding the
>\$75-100 cost per hour is going to be hard to justify.

>

>I'm going to be in the office all next week if you need to get in touch

Ari Fitzgerald, Bri, 06:51 PM 11/10/97, Rates for Transmission to Sate

>with me. Also, I'm overnighting a parcel to you which includes some
>scetches describing plans for the A*DEC/Net telecommunications network.

>
>Jeff...

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>
>
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